

implements industry; another was the pulp and paper industry, which was able to compete successfully in important foreign markets in the 1920's and still remains the leading manufacturing industry.

The first phase of development took place between 1867 and 1900. Rising prosperity until 1873 brought about continuing expansion of manufacturing capacity particularly in such fields as flour and grist-mill products, leather boots and shoes, and log products such as lumber, lath and shingles. Manufacturing weathered the depressed economic conditions of the latter part of the 1870's and a good part of the 1880's, aided particularly by the high quality of Canadian natural resources and the fact that they could be developed at low cost, partly because of their growing accessibility as the railway network expanded in Canada and partly because cheap ocean transport became available.

The period 1900 to 1920 was characterized by rapid population increase and the opening up of the West. The program of railway construction, the growth of cities and towns, the equipping of western farms and the extension of community facilities in both Eastern and Western Canada gave great impetus to the production of capital goods. World War I brought about a notable acceleration of industrial diversification with particularly striking effects on the refining of non-ferrous metals, the expansion of the steel industry and the shipbuilding and aircraft industries. Following the War, international competition became very keen and Canadian industries experienced some adjustment, particularly in the short though severe recession of 1921. This check was temporary and expansion was resumed up to the crest of 1929 with particular emphasis on pulp and paper, transportation equipment, non-metallic mineral products and chemicals. As a result of the depression of the 1930's when economic activity was at a low ebb, Canadian industries were unprepared for the avalanche of military orders following 1939; nevertheless, conversion to war production was accomplished in two years. Expansion of productive capacity in manufacturing during the war years was particularly striking in such fields as tool making, electrical apparatus, chemicals and aluminum.

About two-thirds of the industrial structure created during that period was found to be adaptable to peacetime uses after the War. Although reconversion, modernization and expansion necessitated large capital outlays and although supply shortages slowed down the implementation of the program, most of the work was completed by the end of 1947. From 1950 onward, two developments contributed particularly to manufacturing expansion in Canada. First, the intensive search for new minerals and other natural resources brought about a number of important discoveries and rapid development followed in such fields as crude oil, natural gas, iron ore, non-ferrous metals and a number of less important metals. This new development and the resulting need for equipment for exploration and processing gave great impetus to Canadian industries producing capital goods. Further, the availability of a greater quantity and variety of indigenous raw materials led to the creation of more processing capacity and to the establishment of advanced raw-material and power-using industries. Foremost among these was the chemical industry, which became increasingly diversified. In particular, major discoveries of oil and gas made feasible the establishment of such industries in central Alberta notwithstanding the great distance to the principal markets of the North American Continent.